

DOF Seeks Your Comments

The Department of Finance is in the process of writing its strategic plan for the next five years. We are seeking input from representatives of all the Department's stakeholders – LIKE YOU! – as we embark on this process. Please share with us your opinions on our Departmental goals and any additional goals you think the Department should set. You can find a brief survey on the Department's website at <https://finance.idaho.gov>. Fill out the survey on-line or print it off and mail it to us. Responses must be received **NO LATER THAN JUNE 24, 2011**. Thank you for participating.

TIPS ...

Please keep your email addresses and contact personnel information current! The Department's primary method of communication and information distribution is electronic. Electronic communications include, but are not limited to:

- training notices;
- newsletters;
- renewal reminders and information;
- application and license deficiency notifications.

Since 2008 the Department has significantly moved to electronic communication as a cost reduction measure and licensees risk not receiving pertinent information if their company, individual work and personal emails, as applicable, are not kept current. Companies are encouraged to have a general email on record that more than one party in their business can access and is not subject to change due to employee turnover. Individual licensees are encouraged to keep a personal, non-work related email address current. Ultimately, it is the licensee's responsibility to know the requirements of the law, rules and policies to maintain their licenses and operate their business activities within those standards.

IMPORTANT! All mortgage broker/lender licensees, mortgage loan originator licensees, independent contractor licensees, regulated lender *registrants* and exempt entity *registrants* will be renewing licenses and registrations between November 1 and December 31, 2011. Review your MU1, MU2, MU3 and MU4 records and submit any needed amendments to keep the records current it is *required by Idaho law* and is in addition to the NMLS policy to file within 30 days of occurrence of the change.

Records not kept up to date—to include needed education-- can lead to false attestations being filed with amendment filings and renewal applications which may lead to reportable enforcement actions. ***Over 600 Idaho mortgage licensees filed false attestations during the 2010/2011 renewal process and received letters of warning.*** The attestation is a certification to license record content and that specific requirements have been completed or complied with for a jurisdiction. All individuals, whether on behalf of an entity or as an individual, should be familiar with the attestation language and the ramifications if they attest falsely.

CONSUMER FINANCE BUREAU STATISTICS AS OF MAY 31, 2011

<p>Active Licensees (as of 11-1-10 to 05-31-11)</p> <table border="0" style="width: 100%;"> <tr><td>Mortgage Brokers/Lenders</td><td style="text-align: right;">617</td></tr> <tr><td>Mortgage Loan Originators (Approved-Active)</td><td style="text-align: right;">1434</td></tr> <tr><td>Mortgage Loan Originator (Approved-Inactive)</td><td style="text-align: right;">209</td></tr> <tr><td>Escrow /1031 Exchange Companies</td><td style="text-align: right;">38</td></tr> <tr><td>Regulated Lenders (includes title lenders)</td><td style="text-align: right;">339</td></tr> <tr><td>Payday Lenders</td><td style="text-align: right;">144</td></tr> <tr><td>Collection Agencies</td><td style="text-align: right;">601</td></tr> <tr><td>Debt/Credit Counselors</td><td style="text-align: right;">43</td></tr> <tr><td>Debt Buyers</td><td style="text-align: right;">75</td></tr> <tr><td>Credit Repair Company/Organization</td><td style="text-align: right;">8</td></tr> <tr><td>Collection Agency Agents/Solicitors</td><td style="text-align: right;">37912</td></tr> </table> <p>New Applications Received (11-1-10 to 05-31-11)</p> <table border="0" style="width: 100%;"> <tr><td>Mortgage Brokers/Lenders</td><td style="text-align: right;">156</td></tr> <tr><td>Mortgage Loan Originators</td><td style="text-align: right;">377</td></tr> <tr><td>Regulated Lenders (includes payday/title)</td><td style="text-align: right;">12</td></tr> <tr><td>Collection Agencies (all categories)</td><td style="text-align: right;">47</td></tr> <tr><td>Escrow/1031 Exchange Companies</td><td style="text-align: right;">2</td></tr> </table> <p>Revocations/Denials (11-1-10 to 05-31-11)</p> <table border="0" style="width: 100%;"> <tr><td></td><td style="text-align: right;">2</td></tr> </table> <p>Withdrawals (11-1-10 to 05-31-11)</p> <table border="0" style="width: 100%;"> <tr><td>Mortgage Broker/Lenders</td><td style="text-align: right;">95</td></tr> <tr><td>Mortgage Loan Originators</td><td style="text-align: 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Collection Agency Licensees — Did you receive a warning letter subsequent to the 2011 license renewal process for not filing the Notification of Agents report in the required format? Please take that extra moment to review the instructions that accompany this report form and/or call Karen Carlyle at 208-332-8085 prior to filing if you have questions.

ENFORCEMENT ACTIONS

NOVEMBER 1, 2010 through MAY 31, 2011

COLLECTION AGENCIES, DEBT/CREDIT COUNSELORS,**DEBT BUYERS CREDIT REPAIR COMPANIES**

MAGIC VALLEY CREDIT REPAIR, LLC (Twin Falls, Idaho) – November 18, 2010 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid \$1,500 to the Department constituting penalties, investigative costs and attorney fees. The company also paid \$1,175 in restitution to Idaho residents. The company applied for and was granted an Idaho credit repair license.

CRESTWOOD MGMT LLC (Beachwood, Ohio) – December 16, 2010 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$11,000 constituting penalties, investigative costs and attorney fees. The company applied for and was granted an Idaho collection agency license.

GHS SOLUTIONS, LLC (Delray Beach, Florida) – December 20, 2010 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$15,000 constituting penalties, investigative costs and attorney fees. The company also agreed to refund to each Idaho client all fees charged, in the total amount of \$303,218.23

THE AFFILIATED GROUP, INC., dba AFFILIATED CREDIT SERVICES (Rochester, Minnesota) – December 22, 2010 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$11,000 constituting penalties, investigative costs and attorney fees. The company applied for and was granted an Idaho collection agency license.

UNIVERSAL FIDELITY LIMITED PARTNERSHIP (Houston, Texas) – January 7, 2011 – Order issued denying Universal Fidelity Limited Partnership's (UFLP) application for an Idaho collection agency license based on violations of the Idaho Collection Agency Act. UFLP sought resolution of the issues that had led to the denial of its application. A Consent Order was entered on January 31, 2011 resolving the issues. UFLP paid to the Department \$5,000 constituting penalties, investigative costs and attorney fees. UFLP applied for and was granted an Idaho collection agency license.

NATIONAL PATIENT ACCOUNT SERVICES, INC. (Louisville, Kentucky) – January 20, 2011 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$110,000 constituting penalties, investigative costs and attorney fees. The company's affiliate, NPAS, Inc., applied for and was granted an Idaho collection agency license.

SEATTLE SERVICE BUREAU, INC., dba NATIONAL SERVICE BUREAU (Shoreline, Washington) – February 4, 2011 – Consent order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$2,000 constituting penalties, investigative costs and attorney fees. The company applied for and was granted an Idaho collection agency license.

A NEW HORIZON CREDIT COUNSELING SERVICES, INC. (Fort Lauderdale, Florida) – February 9, 2011 – Consent order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$4,000 constituting penalties, investigative costs and attorney fees. The company also refunded to each Idaho client all fees charged to such client for the company's services, in the total amount of \$1,259.85. The company applied for and was granted an Idaho debt and credit counselor license.

CREDIT JUSTICE SERVICES, LLC (Jacksonville, Florida) – February 23, 2011 – Consent order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$3,500 constituting penalties, investigative costs and attorney fees. The company also refunded \$600 in fees to its Idaho clients. The company applied for and was granted an Idaho credit repair license.

TODD, BREMER & LAWSON, INC. (Rock Hill, South Carolina) – March 3, 2011 – Consent order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$11,000 constituting penalties, investigative costs and attorney fees. The company applied for and was granted an Idaho collection agency license.

DISCOUNT DEBT SOLUTIONS, INC. (West Palm Beach, Florida) – March 29, 2011 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$16,000 constituting penalties, investigative costs, and attorney fees. The company also refunded \$9,942 to Idaho consumers constituting fees it had collected while not licensed.

DEBT SETTLEMENT SOLUTIONS, INC. (West Palm Beach, Florida) – March 29, 2011 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$20,000 constituting penalties, investigative costs and attorney fees. The company also refunded to each of its Idaho clients all fees charged for the company's services and all moneys held in trust for each Idaho client that had not been applied to compromise that client's debt, in the total amount of \$46,699.86.

AMERICA'S RECOVERY SOLUTIONS, LLC (Amherst, Ohio) – April 15, 2011 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$2,000 constituting penalties, investigative costs and attorney fees. The company applied for and was granted an Idaho collection agency license.

RAUCH-MILLIKEN INTERNATIONAL, INC. (Metairie, Louisiana) – April 22, 2011 – Consent Order entered addressing violations of the Idaho Collection Agency Act. The company paid to the Department \$11,000 constituting penalties, investigative costs and attorney fees. The company applied for and was granted an Idaho collection agency license.

(Continued on page 5)

REGULATED LENDERS, TITLE LENDERS AND PAYDAY LENDERS

FLOBRIDGE GROUP, LLC, dba FLOWBRIDGE.COM AND MAIN-STREETLOANSONLINE.COM (Springville, Utah) - December 16, 2010 - Order to Cease and Desist issued against FloBridge Group, LLC, dba Flowbridge.com and Mainstreetloansonline.com, for violations of the Idaho Credit Code and the Idaho Payday Lending Act. The Order also addressed the company's illegal acts of garnishing a debtor's wages without complying with Idaho collection statutes.



BROADWAY PAWN AND LOAN, LLC (Boise, Idaho) - January 26, 2011 - Order issued denying Broadway Pawn and Loan, LLC's application for an Idaho title lending license based on apparent unlicensed title lending activity in violation of the Idaho Credit Code. The company requested a hearing to reconsider the license denial. A hearing was held on April 25, 2011 and was continued on May 4, 2011. The proceeding is currently pending before the hearing officer.

GOODWILL FINANCE, LLC (Boise, Idaho) - May 24, 2011 - Consent Order entered addressing violations of the Idaho Credit Code. The company paid to the Department \$5,000 constituting investigative costs and attorney fees. The company applied for and was granted an Idaho regulated lender license.

TOP CONSUMER COMPLAINTS

Mortgage Brokers/Lenders

Unlicensed locations or MLO's

Collection Agencies

Unlicensed Activity; Aggressive Tactics; Inability to Pay

Regulated Lenders (includes payday and title lenders)

Unlicensed Activity; Payment disputes; Inability to pay

Other

Servicing and foreclosure issues





DID YOU KNOW?

Credit Reports will be required of mortgage entity control persons (form MU2) beginning in late July 2011 (Form MU2). Credit report authorizations are required for all new applicants, and will be required as part of the renewal process for existing licensees that begins November 1, 2011. Control Persons should become familiar with Idaho Policy 2011-01 pertaining to financial responsibility and fitness.

The Bureau no longer mails annual renewal forms. For the past several years the Bureau has sent courtesy email notifications as a reminder to renew licenses and how to obtain necessary forms. ***It is important that all licensees keep current (preferably personal) email addresses on file with the Bureau.***

The Bureau does not issue paper mortgage loan originator licenses. All approved license information is displayed on the Department’s website at <http://finance.idaho.gov> and is available on the NMLSR consumer access at <http://www.nmisconsumeraccess.org>

The Bureau only issues **paper** mortgage company licenses at the time of initial approval or when a change affects the face of the license due to the requirement in the law to display the license. No paper licenses are issued for licensees under the Idaho Collection Agency Act, the Idaho Credit Code or the Idaho Escrow Act. Renewal confirmation and other detailed information may be obtained on the Department’s website. Licenses may additionally be verified in the NMLSR for mortgage brokers and lenders, mortgage loan originators and registered regulated lenders and exempt entities.

The Nationwide Mortgage Licensing System (NMLS) can be reached by phone at (240) 386-4444 AND email at NMLS_CallCenter@statemortgageregistry.com.

Bureau examiners participated in 37 consumer education conferences, high school and college financial education training programs reaching over 842 participants and attendees between November 1, 2010 and May 31, 2011.

The Bureau has processed 27,226 loan originator sponsorship/relationship requests since January 2, 2008 when the NMLSR went live.



HOW SHOULD YOU REPORT SOCIAL SECURITY—LIKE NUMBERS FOR AGENTS ON THE COLLECTION AGENCY QUARTERLY NOTIFICATION OF AGENTS FORM?

- ☛ UNITED STATES — ###-##-#### (SSN)
 - ☛ CANADA — ###-###-### (SIN)
 - ☛ INDIA — LLLL#####L (PAN)
 - ☛ PHILLIPINES — ##-#####-# OR #-#####-# (TIN)
 - ☛ WEST INDIES — XXXXXX
 - ☛ MEXICO — LLLL#####LLLLLL## (CURP)
 - ☛ HONDURAS #####-#####-#####
- # = NUMBER L= LETTER





C.L. "BUTCH" OTTER
Governor

GAVIN M. GEE
Director

**IDAHO DEPARTMENT OF FINANCE
Policy Statement 2011-01**

Policy Concerning Requirement of Financial Responsibility/Fitness of Mortgage Loan Originators, Qualified Persons in Charge, and Designated Control Persons of Mortgage Brokers and Lenders, and Deadlines for Compliance with such Requirement

I. Background

The 2009 Idaho Legislature enacted the revised Idaho Residential Mortgage Practices Act, Idaho Code § 26-31-101 *et seq.* (IRMPA) that became effective July 1, 2009. The IRMPA now consists of three parts. Part 1 includes general provisions. Part 2 includes provisions that apply to mortgage brokers and lenders. Part 3, entitled the "Idaho S.A.F.E. Mortgage Licensing Act of 2009," referred to as the "Idaho S.A.F.E. Act," incorporates the requirements of the federal S.A.F.E. Mortgage Licensing Act, which applies to mortgage loan originators.

Part 2 of the IRMPA sets forth requirements for financial responsibility, character and fitness of mortgage broker/lender license applicants, including officers, directors, members, managers, partners, and qualified persons in charge (QPICs). Part 3 of the IRMPA sets forth requirements for financial responsibility, character and general fitness of mortgage loan originator license applicants and licensees. Mortgage loan originators, as well as officers, directors, members, managers, partners, and QPICs will be referred to in the remainder of this Policy as "Individuals." It is the Department's view that the same standards of financial responsibility, character and general fitness that apply to mortgage loan originators should also apply to officers, directors, members, managers, partners, and QPICs of mortgage brokers/lenders. Therefore, once the functionality of credit reports is expanded to include designated control persons in the Nationwide Mortgage Licensing System (NMLS), Idaho intends to require credit reports for all such Individuals, and will apply the same analysis to all to determine their financial responsibility, character and general fitness.

II. Determining Financial Responsibility/Fitness

The Department will find an Individual as lacking the required financial responsibility/fitness if he or she has shown a pattern of disregard for the management of his or her personal financial affairs. The Department will also consider the following factors in determining whether an Individual meets the requirement of financial responsibility/fitness:

- The existence of outstanding judgment(s) (to exclude judgments resulting solely from medical expenses);
- The existence of outstanding tax liens or other government liens or filings;
- The existence of any liens or judgments resulting from findings of fraud, embezzlement, misrepresentation, dishonest dealing, deceit and/or mishandling of trust funds;

- The existence of any liens, judgments, or financial or professional disciplinary actions that indicate a pattern of dishonesty;
- A pattern of delinquency in child support or student loan payments;
- The existence of outstanding collection actions against the Individual (unless solely as a result of medical expenses);
- The existence of outstanding charged-off accounts with a remaining past due balance owed (unless solely as a result of medical expenses);
- The existence of three or more accounts currently 90 days or more past due;
- The Individual having gone through a foreclosure within the past three (3) years;
- The existence of a pattern of delinquent accounts within the past three (3) years; and
- The Individual having filed a bankruptcy petition within the past five (5) years. The Department will not consider a bankruptcy as the sole basis for a finding that an Individual lacks the required financial responsibility/fitness.

If an Individual's credit report or response to any application disclosure question contains adverse information, the Department will notify the Individual in writing of the specific items that must be addressed, and will specify the documentation that must be provided for the Department's consideration and review. Examples of the type of documentation that the Department may request may include, but not be limited to, the following:

- A written explanation of the circumstances surrounding the adverse information reported; and
- Documents that the Department finds necessary to its review of the adverse information. Any document provided must be legible and complete. Incomplete documents will not be accepted. Examples of documents that may be required may include, but not be limited to:
 - Copies of a satisfaction of judgment;
 - Copies of a bankruptcy discharge order or dismissal documents;
 - Copies of a satisfaction of outstanding tax liens or other governmental liens;
 - Copies of court documents that exist showing the factual basis underlying the adverse information being reviewed by the Department and how the matter was resolved or adjudicated;
 - Copies of account statements or letters from the Individual's creditors, lien or judgment holders, explaining and verifying the current status of any past due accounts, to include documentation of any repayment plans and agreements, as well as any temporary or permanent modifications to such accounts.

If the Individual is not able to obtain the documents requested by the Department, the Individual must support that fact with documentation from the source of the unavailable documents. This support must consist of a written statement from the agency or creditor who holds or held the records and must be written on the agency's or creditor's letterhead; must indicate that the agency or creditor does not have any record of the matter or that the record was lost, damaged, or destroyed, or cannot otherwise be produced and why; and must be signed by the agency's or creditor's records custodian and include contact information such as phone, mailing address, and e-mail address.

III. Reviewing Adverse Credit History and Other Information

The Department has the legal responsibility to determine whether an Individual has sufficiently demonstrated financial responsibility, character, and general fitness before it can approve or renew a mortgage loan originator license or a mortgage broker/lender license. To make this determination, the Department will consider the following:

- The Individual's credit history reflected in a credit report;
- Supplemental information and documentation requested from and provided by the Individual as determined necessary by the Department;
- Responses and information contained in the Individual's application filings;
- Previous and current license history with the Department, to include any regulatory actions that have occurred;
- Other information that reflects upon the Individual's character, general fitness, or financial responsibility;
- The timing and context of the information reviewed;
- Patterns of conduct; and
- Factors indicating that financially adverse information may be the result of the involuntary loss of job or income, divorce, or health issues. Under such circumstances, the Individual shall provide documents showing attempted workout arrangements with creditors or other factors that indicate the Individual has made an attempt to correct his or her financial difficulties.

No determination of financial responsibility, character and general fitness made by the Department will be based solely on the fact that an Individual has been a debtor in bankruptcy or has been the control person of an organization that filed a bankruptcy petition. Also, the Department will not base a license application denial solely on a license applicant's credit score or credit report.

Although the following may not be an exclusive list, the Department may consider the following factors, or a combination thereof, in determining whether to deny, condition, bar from renewal, suspend, or revoke a mortgage loan originator license or mortgage broker/lender license:

- The Individual has failed to fully provide any documentation required by the Department;
- The Individual has made a false attestation associated with a filing related to an application for a license or a license renewal;
- The Individual has failed to pay in full any past due account, lien, judgment or charged-off balance either as of the date of the issuance of a credit report to the Department, or at time of initial licensure, designation as a control person, or at renewal of any license. In reviewing this factor, the Department will make an exception for any account, lien, judgment, or charged-off balance which is solely due to medical expenses;
- The Individual has past due child support payments;
- The Individual has past due student loan payments;
- The Individual is in arrears or has failed to comply with the terms of a repayment plan or agreement entered into with a creditor;
- The Individual has failed to make timely payments under a plan or agreement with any state or federal tax or other regulatory agency;

- The Individual has three (3) or more accounts of any kind, except those solely related to medical expenses, 90 days or more past due;
- The Individual has been the subject of one or more foreclosures within the past three (3) years; and
- The individual has had a pattern of delinquent accounts, except those solely related to medical expenses, within the past three (3) years.

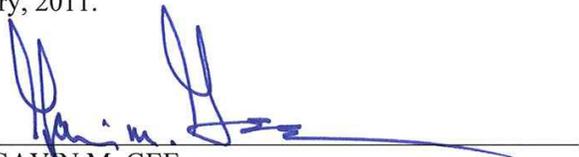
Financial responsibility, character and general fitness are continuing requirements for mortgage loan originators and must be met at all times, to include upon initial licensure and renewal.

Mortgage loan originators who successfully renewed their licenses for calendar year 2011, and those who are newly approved for licensure on or before October 31, 2011, will have until October 31, 2011, to meet all requirements of Idaho's Financial Responsibility Policy. Any new applicant who fails to meet such requirements by the October 31, 2011 deadline will not be issued a license for calendar year 2012, and licenses will not be renewed for calendar year 2012 for existing licensees who fail to meet such requirements by the October 31, 2011 deadline.

No mortgage loan originator license or mortgage broker/lender license will be approved on or after November 1, 2011 unless compliance with Idaho's Financial Responsibility/Fitness Policy has been met. Applications will be deemed withdrawn or abandoned if not completed within sixty (60) days of notification to the applicant by the Department of deficiencies in the application.

DATED this 31st day of January, 2011.




GAVIN M. GEE
Director, Idaho Department of Finance

Idaho Financial Responsibility/Fitness FAQs

The questions and answers provided here are for informational purposes only and should not be construed to address any specific situation or to constitute legal advice. This information pertains only to Idaho mortgage loan originator licensees, license applicants, and mortgage company “control persons.” Information from, and requirements of, other states may be different. Please refer to the Department’s Financial Responsibility/Fitness Policy Statement 2011-01 (the Policy) for details on the documentation (or alternative information when documentation is not available) that must be provided to the Department for review.

It is not the Department’s goal to deny licensure or ban participation in the mortgage industry. However, due to personal financial circumstances it is possible that not all individuals will qualify for a mortgage loan originator license under the requirements of the SAFE Act. However, individuals who do not currently qualify may qualify for licensure in the future when corrective measures are in place demonstrating financial responsibility and fitness and a history of responsible management of business and personal financial affairs. It is important to remember that according to the Policy, decisions will be made based on an individual’s overall credit history with emphasis on the most recent three (3) years, the responses and documentation provided by an applicant or a licensee, and the individual’s licensing and enforcement history with the Department

1. Q: What is Idaho’s financial responsibility/fitness policy?

A: The Idaho Department of Finance adopted Policy Statement 2011-01 to describe the evaluation process used to determine if an applicant or licensee meets financial responsibility and fitness requirements. The Policy describes what information the Department will review as well as what the Department will require from a licensee or license applicant to address any items of concern.

2. Q: Who does the Policy affect?

A: The Policy directly affects (i) Idaho mortgage loan originator licensees; (ii) Idaho mortgage loan originator license applicants; and (iii) independent contractor mortgage loan processors and underwriters who are required to submit a Form MU4 filing in the Nationwide Mortgage Licensing System (NMLS). The Policy will also affect any person required to submit a Form MU2 to the NMLS as a control person once the functionality becomes available, which is expected in the summer of 2011.

3. Q: Why does my credit record and history matter to the Department?

A: The Department has been charged with the responsibility to enforce specific licensing requirements of the federal SAFE Act, the minimum requirements of which have been incorporated into Idaho law. Some of those

requirements involve determining the financial fitness and responsibility of mortgage loan originators by an assessment of how the individual manages his or her financial affairs. This information is primarily collected and reported through personal credit report histories. Additionally, it is the Department’s view that the same standards applied to mortgage loan originators should also be applied to control personnel who are responsible for the training, education, and policies and procedures of a mortgage broker or lender.

4. Q: How will the Department decide if my credit meets or doesn’t meet the requirements to have a license?

A: Each individual’s credit report will be reviewed, with specific attention given to those with lower-end credit scores and those with specifically “flagged” items such as judgments, liens, foreclosures, delinquent accounts over 90 days, and accounts with multiple delinquencies. If there are items of concern, the individual will be notified that additional information is needed by the Department to complete the full review process. Once that information is received and reviewed, a decision will be made whether a license can be issued to the applicant or whether an existing licensee is qualified by law to maintain such license. Each individual with “flagged” items will be provided with an opportunity to provide the Department with a complete picture of his or her credit history – beyond what the Department may

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receive from a credit reporting agency. For example, an individual with “flagged” items on his or her credit report will need to supplement that information with written explanations of the circumstances surrounding noted areas of concern. This could also include providing documentation to dispute credit report information.

5. Q: Is there a minimum credit score that will cause me to be denied?

A: No. Idaho has not adopted a minimum credit score requirement that would cause denial or removal of a license.

6. Q: How will I know if the Department thinks I have a credit problem?

A: Individuals will be notified by certified mail and a deficiency notice will be placed on the individual’s NMLS record under the license item type of credit report clarification *when the certified mail is sent*. The certified letter will be sent to the individual’s residential address. Privacy issues and restrictions contained within NMLS’s contract with TransUnion limit the type of information that can be placed on the individual’s NMLS record as well as how the information is communicated.

7. Q: My employer takes care of all my licensing issues. Why won’t the Department talk with my employer about what is needed on my credit if I say it is ok?

A: Privacy issues and restrictions contained within NMLS’s contract with TransUnion limit the type of information that can be placed on the NMLS record as well as how the information is communicated and to whom. Communication with anyone other than the individual who is the subject of the credit report is prohibited.

8. Q: Why won’t the Department give me a copy of my credit report?

A: NMLS’s contract with TransUnion prohibits state agencies from providing copies of the credit report to anyone outside of the agency. If an individual wants to see a copy of the report that was provided to a particular state agency, he or she may request a copy directly from TransUnion at: TransUnion, 2 Baldwin Place, P.O. Box 1000, Chester, PA 19022 ((800) 888-4213 – www.transunion.com/consumersupport)

9. Q: How often will credit reports be pulled?

A: Credit reports will be pulled at the time of initial license application and at each license renewal. This is because the license renewal section of the Idaho SAFE Act requires that individual mortgage loan originators (MLOs) must continue to meet the financial responsibility/fitness requirements that are imposed at time of application or transition. Credit reports obtained at license renewal will be reviewed for any significant negative changes and to verify that actions to address negative information, such as participating in payment plans, are being completed as agreed.

10. Q: How do the credit report pulls affect my credit score?

A: The credit report pulls from the NMLS are considered “soft” pulls and do not affect an individual’s credit score.

11. Q: What will I need to provide to the Department?

A: It will depend on the type of information reported in the credit report. The Policy contains a comprehensive list of documents the Department may require. Generally, an explanation of the circumstances that caused the negative information to be reported will be required as well as a description of the steps the individual has taken to rectify the situation. This may include negotiating a payment plan and making regular agreed-upon payments; paying off an overdue account, collection, lien or judgment; successfully disputing information on the report or getting incorrect information removed; or bringing a delinquent account current. For each representation made by an individual regarding a negative credit item, supporting documents will be required. This also applies to accounts included in bankruptcy filings, satisfied judgments, and released liens. Please refer to the Policy for more information on required documentation. If the Policy does not address your specific question, direct your inquiries to the person listed as the contact on correspondence sent to you from the Department.

12. Q: Will filing for bankruptcy cause me to lose my license?

A: The Department will not make a determination of financial responsibility/fitness based solely on the fact that an individual has been a debtor in bankruptcy or has been the control person of an organization that filed a bankruptcy petition.

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13. Q: We have several outstanding collections for unpaid medical bills. How will this affect my license?

A: The Department will not make a determination of financial responsibility/fitness based on delinquent accounts that are solely due to medical expenses.

14. Q: My spouse is unemployed and my income has been reduced due to the collapse of the housing market and the economy. We have been late on our credit cards, and not all of them are current. Will I lose my loan originator license because of this?

A: Several factors, such as the severity of the delinquencies, the number of accounts involved, how recent the occurrences of delinquency are, and what remedies the individual has pursued will be evaluated to determine whether an individual's license will be impacted. Be prepared to document any representations made to the Department regarding derogatory information. General statements about a difficult economy will not be satisfactory.

15. Q: I have an outstanding tax lien. Will this be a problem?

A: If a tax lien is the only derogatory account appearing on a credit report and an individual can document that a payment arrangement has been made and there is a history of timely payments under that agreement, such information will weigh in favor of the individual. Be prepared to provide documentation of the payment agreement as well as proof of payments and current status.

16. Q: I left my last apartment but my roommate stayed. He didn't pay the final utility bills when he left and the utility accounts were in my name. I was sued, and civil judgments were entered against me. The judgments are still unpaid. Do I have to do something with them?

A: If the judgment account is in the name of an individual, and the judgment creditor has not released that person from responsibility to pay on the judgment, then the Department may require that the account is either satisfied or that the individual has entered into a repayment plan. Be prepared to provide documentation of payment agreements as well as proof of payments and current

status.

17. Q: I have a delinquent student loan and my husband owes back child support. All of our other credit is current. How will this affect my license?

A: Individuals will need to provide a written explanation as to the circumstances that caused them to be delinquent on a student loan. They will need to address what they have done to rectify the delinquency, such as entering into a repayment plan with the creditor or negotiating a settlement. Be prepared to document any representations made in a response to the Department regarding derogatory information. If a spouse is NOT an MLO, delinquent child support should not have any effect, assuming nothing is reflected on a credit report. If a spouse IS an MLO, then the same requirements for a delinquent student loan would apply to his or her child support situation.

18. Q: Will I lose my license because we had a foreclosure last year?

A: Idaho does not have an automatic bar to licensure just because a foreclosure occurred within the last three (3) years. The Department will review the circumstances causing a foreclosure, what steps were taken to avoid a foreclosure, the individual's overall credit history, and what has happened since the foreclosure. Be prepared to document any representations made in a response to the Department regarding derogatory credit information.

19. Q: I had a car repossessed and I haven't been notified by the finance company that I owe anything. What do I do?

A: This depends on what appears on an individual's credit report. If an account reflects any amount past due or a balance remaining or owing at the time of repossession, the individual will need to account for that in his or her explanation and remedies. That may involve contacting the creditor for more information. If the account only reflects the repossession, but no amounts past due, delinquent or charged off, an explanation of the circumstances leading to the repossession and the steps taken by the individual may be sufficient.

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20. Q: I couldn't pay my credit card and the balance on the account was charged off. There was no collection. What do I need to provide?

A: Individuals will need to document the current status of the charged off amount. A creditor may have charged off an account as an internal loss but may have sold it to another creditor or debt buyer, or may be investigating other options to collect. The Department will review an explanation of circumstances that caused the charge off, to include any remedies an individual has taken or is in the process of taking to remedy the charge off, as well as the current status of the account.

21. Q: Why can't the Department see that my charged off Wells Fargo credit card balance was bought by Citibank and I paid it off last year? It's the same account.

A: The credit reports that the Department receives do not contain any identifying account information, such as account numbers. The Department also does not receive specific information about account transfers or by whom an account has been purchased. Additionally, the Department cannot identify duplicate account postings. Therefore, in order for the Department to identify and track this type of information, it must rely on the subject of the report to provide that documentation.

22. Q: The delinquent accounts the Department wants information on were listed in my bankruptcy. How am I supposed to get more information on them?

A: To demonstrate that an account was included in a bankruptcy, an individual should provide a copy of the schedule of debts, as well as confirmation that the account was discharged in the bankruptcy, or included in a restructuring.

23. Q: When the market was better I bought several rental properties. When the economy went bad I couldn't keep renters and I couldn't afford to keep the rentals on my reduced income so I let the lender take them. How will this affect me?

A: Multiple foreclosures, especially within the past three (3) years, will most likely be problematic. However, the Department will consider explanations of circumstances, remedies taken or attempted, as well as the

individual's overall credit history to determine if there were extenuating circumstances. The Department will also consider an individual's credit history, both prior to and after any foreclosures.

24. Q: If my credit isn't good enough and I already have a license, what will happen? Will my license be revoked?

A: Recognizing that credit histories can be improved with effort, and that a revocation of an individual license is a permanent bar to future licensure, the Department will make every effort not to revoke a license during this process. This is why the Department has included an extended initial time period for licensees and applicants to comply with the Policy. The Department *strongly* encourages individuals to get their explanations and documentation into the Department for its review *as soon as possible*. If satisfactory information is **NOT** received by October 31, 2011, license applications will be denied and existing licensees will not be allowed to renew their licenses for calendar year 2012. Individuals may also voluntarily surrender a license at any time. Credit reports will be pulled as part of the renewal process to verify that no significant negative changes have occurred since the initial pull or at the time of license application.

25. Q: I have been originating loans for years. Can I lose my license now because of my credit history?

A: Yes. It is possible that an individual's license may be revoked or not renewed depending upon his or her credit history and the management of his or her financial affairs. Laws have been enacted to address Congress's mandates for mortgage industry regulation under the SAFE Act. No one is "grandfathered" under that Act.

26. Q: What will happen if I don't provide any information to the Department or miss the deadlines noted in the Policy?

A: If an applicant fails to provide required documentation, his or her application will be administratively denied or deemed withdrawn and all previously paid fees will be forfeited. If an existing licensee fails to provide required documentation, his or her license will either be administratively revoked or the license will not be

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renewed for calendar year 2012. If an individual is an MU2/control person of a licensee, then an action may ensue by the Department against the mortgage broker/lender licensee.

27. Q: What are the deadlines?

A: For issues solely related to financial responsibility/fitness the final deadline for receipt of *satisfactory and complete* information is October 31, 2011. Keep in mind that if an individual waits until October 2011 to provide his or her explanations and documentation, and those are not sufficient or complete, he or she may jeopardize the status of an existing license and the ability to renew it for calendar year 2012. The Department will strive to review all information received by it in a timely manner. Once a review is complete and the Department determines the licensee has demonstrated financial responsibility, the license status will be changed from "Approved-Conditional" to "Approved."

Please Welcome Christina Courtright

Christina has joined the Consumer Finance Bureau as an Administrative Assistant supporting the field examiners and consumer affairs specialist. Christina brings several years of experience in customer service and clerical proficiency as well as prior military service with experience in logistics.



Attention QPICs of Mortgage Companies

Eight (8) hours of NMLS approved continuing education, including one (1) hour of Idaho law, must be completed in 2011 ***prior*** to the company submitting for renewal of the Idaho Mortgage Broker/lender license. This affects QPICs of home/main offices and all licensed branches. For available course information and requirements visit

<http://mortgage.nationwidelicensingsystem.org/profreq/education/Pages/default.aspx>



Rooster Tail Runoff at Lucky Peak Reservoir outside of Boise Idaho

This newsletter is produced semi-annually as a part of the Bureau’s continued communication out-reach with the companies we regulate. Delivery is provided by electronic notification of its availability on the Department’s website at <http://finance.idaho.gov>.

Suggestions and comments concerning the newsletter or its contents should be sent to the Bureau at PO Box 83720, Boise, Idaho 83720-0031 or via email to kc.schaler@finance.idaho.gov or mortgage@finance.idaho.gov

Phone:
(208) 332-8000

Consumer Finance Bureau:
(208) 332-8002

Facsimile:
(208) 332-8096

Toll Free in Idaho:
888-346-3378

Website:
<http://finance.idaho.gov>

IMPORTANT DATES TO REMEMBER!

<u>Annual License Renewals</u>	<u>Date to Complete</u>
Collection Agencies	March 15 th
Escrow/1031 Exchange Companies	April 30 th
Regulated Lenders (includes payday and title lenders)	May 31 st
Mortgage Brokers/Lenders	December 31 st
Mortgage Loan Originators	December 31 st

USPS (Regular Mail)

IDAHO DEPARTMENT OF FINANCE
P O BOX 83720
BOISE ID 83720-0031



OVERNIGHT DELIVERY

IDAHO DEPARTMENT OF FINANCE
800 PARK BLVD STE 200
BOISE ID 83712

Annual Reporting of Activity

Collection Agencies	March 15 th
Escrow/1031 Exchange Companies	April 30 th
Regulated Lenders	May 31 st
Mortgage Brokers/Lenders Call Reports	Qtr1-May 15th
	Qtr2 –August 14th
	Qtr3 – November 14th
	Qtr4–February 14th

Idaho Collection Agency Quarterly Agents Report filings are due June 15, September 15, December 15. These should be filed as close to the 15th as possible to report accurate hiring additions and terminations as of that date – not weeks in advance or after.